

REMARKS

Entry of this amendment and reconsideration of this application are respectfully requested in view of the foregoing amendment and the following remarks.

Applicant appreciates the Examiner's willingness to discuss the matters detailed below in a telephone conference on July 3, 2002.

By the foregoing amendment, applicant has amended Claim 38 to address the Examiner's formal objections and to clarify that the redemption rate determines a value of the point total that the participants have earned pursuant to the first reward program.

In addition, applicant has added new Claims 47-57 to define different aspects of the incentive system of the present invention.

In the Office Action mailed April 10, 2002, the Examiner rejected Claim 38 under Section 112 as containing certain informalities. Specifically, the Examiner indicated that there was no antecedent support for the terms "the value" and "the points". In fact, the Examiner will note that, on line 6 of Claim 30, there is indeed an indication that participants may earn "points" for certain actions. Nonetheless, for purposes of clarity, Claim 38 has been amended to provide explicit antecedent support. The applicant has further amended the claims to clarify the significant "redemption rates" features. These changes are not intended to affect the scope of the claim.

Examiner further rejected Claims 38-42 as unpatentable over Deluca, et al. Moreover, Claims 38-46 were rejected over the combination of Deluca and Cook. To the extent that these rejections might still be applied to any of the pending claims, they are traversed as follows.

The detailed explanation of the Examiner's rejection, suggests that the Examiner is taking the position that the term "redemption rate" as used in the present specification can be considered equivalent to a point total associated with each participant. Applicant respectfully submits that such an interpretation of the term "redemption rate" is entirely inconsistent with the specification. See for example, page 31, line 24 thru page 34, line 23, which makes it clear that the redemption rate is not a point total, but rather a coefficient used to calculate the value of program points value based on multiplication of the redemption rate times the base points total. To provide further clarity, applicant has amended Claim 38 to require that a point total is associated with each participant and that the redemption rate associated with each participant ID determines the value of the points point total associated with that participant pursuant to the first reward program.

Deluca does not even remotely suggest a system in which a redemption rate that is associated with each participant ID determines the value of the point total associated with that participant in a first reward program. For at least this reason, reconsideration and withdrawal of the final rejection is respectfully requested.

Moreover, with regard to Claims 43-46, applicant respectfully submits that the Examiner has failed to establish an appropriate grounds for rejection under Section 103.

35 U.S.C. § 103 authorizes a patent examiner's rejection of a claim where, to meet a claim, it is necessary to modify a single prior art reference or to combine it with one or more other teaching references. The Manual of Patent Examining Procedure ("MPEP") states that the examiner, after indicating that the rejection is under 35 U.S.C. § 103, should set forth "(1) the difference(s) in the claim over the applied reference(s), (2) the proposed modification of the

applied reference(s) necessary to arrive at the claimed subject matter, and (3) an explanation why such a proposed modification would be obvious." MPEP § 706.02. This is in accordance with the three-part inquiry for § 103 obviousness set forth by the Supreme Court in Graham v. John Deere, 148 USPQ 459 (1966). Thus, to find the subject matter of claim 18 obvious, the examiner must provide an explanation why the proposed modification would have been obvious.

To establish obviousness, there must be a suggestion or motivation in the references to do so. Id. See also In re Gordon, 221 USPQ 1125, 1127 (Fed. Cir. 1984) (prior art could both be turned upside down without motivation to do so). It is evident from Federal Circuit case law that the preferred method of establishing motivation or suggestion for modification is to rely on a suggestion within the primary reference or to find such a suggestion in a teaching reference. As stated in Fine, "To imbue one of ordinary skill in the art with knowledge of the invention in suit, when no prior art reference or references of record convey or suggest that knowledge, is to fall notion to the invidious effect of a hindsight syndrome." 5 USPQ2nd at 1600 (quoting W.L. Gore & Assoc. v. Garlock, Inc., 220 USPQ 303, 312-13). Accord Mills, 16 USPQ2nd at 1432: In re Demenski; 230 USPQ 313, 315 (Fed. Cir. 1986) (reversing rejection of claims where no suggestion existed in the prior art references to make proposed design modification and rejecting Board's argument as hindsight that the proposed modification was "common practice"). See also Northern Telecom, Inc. v. Data Point Corp., 15 USPQ2nd 1321, 1323 (Fed. Cir. 1990), (rejecting "routine design choice" absent any suggestion in the prior art to make proposed modification).

As applied to the determination of patentability vel non when the issue is obviousness, "it is fundamental that rejections under 35 U.S.C. § 103 must be based on evidence comprehended by the language of that section." In re Grasselli, 713 F.2d 731, 739, 218 USPQ 769, 775 (Fed.

Cir. 1983). The essential factual evidence on the issue of obviousness is set forth in Graham v. John Deere Co., 383 U.S. 1, 17-18, 148 USPQ 459, 467 (1966) and extensive ensuing precedent. The patent examination process centers on prior art and the analysis thereof. When patentability turns on the question of obviousness, the search for and analysis of the prior art includes evidence relevant to the finding of whether there is a teaching, motivation, or suggestion to select and combine the references relied on as evidence of obviousness. See, e.g., McGinley v. Franklin Sports, Inc., 262 F.3d 1339, 1351-52, 60 USPQ2d 1001, 1008 (Fed. Cir. 2001) ("the central question is whether there is reason to combine [the] references," a question of fact drawing on the Graham factors).

"The factual inquiry whether to combine references must be thorough and searching." Id. It must be based on objective evidence of record. This precedent has been reinforced in myriad decisions, and cannot be dispensed with. See, e.g., Brown & Williamson Tobacco Corp. v. Philip Morris Inc., 229 F.3d 1120, 1124-25, 56 USPQ2d 1456, 1459 (Fed. Cir. 2000) ("a showing of a suggestion, teaching, or motivation to combine the prior art references is an 'essential component of an obviousness holding'" (quoting C.R. Bard, Inc., v. M3 Systems, Inc., 157 F.3d 1340, 1352, 48 USPQ2d 1225, 1232 (Fed. Cir. 1998))); In re Dembiczak, 175 F.3d 994, 999, 50 USPQ2d 1614, 1617 (Fed. Cir. 1999) ("Our case law makes clear that the best defense against the subtle but powerful attraction of a hindsight-based obviousness analysis is rigorous application of the requirement for a showing of the teaching or motivation to combine prior art references."); In re Dance, 160 F.3d 1339, 1343, 48 USPQ2d 1635, 1637 (Fed. Cir. 1998) (there must be some motivation, suggestion, or teaching of the desirability of making the specific combination that was made by the applicant); In re Fine, 837 F.2d 1071, 1075, 5 USPQ2d 1596, 1600 (Fed. Cir.

1988) ("teachings of references can be combined only if there is some suggestion or incentive to do so.") (emphasis in original) (quoting ACS Hosp. Sys., Inc. v. Montefiore Hosp., 732 F.2d 1572, 1577, 221 USPQ 929, 933 (Fed. Cir. 1984)).

The need for specificity pervades this authority. See, e.g., In re Kotzab, 217 F.3d 1365, 1371, 55 USPQ2d 1313, 1317 (Fed. Cir. 2000) ("particular findings must be made as to the reason the skilled artisan, with no knowledge of the claimed invention, would have selected these components for combination in the manner claimed"); In re Rouffet, 149 F.3d 1350, 1359, 47 USPQ2d 1453, 1459 (Fed. Cir. 1998) ("even when the level of skill in the art is high, the Board must identify specifically the principle, known to one of ordinary skill, that suggests the claimed combination. In other words, the Board must explain the reasons one of ordinary skill in the art would have been motivated to select the references and to combine them to render the claimed invention obvious."); In re Fritch, 972 F.2d 1260, 1265, 23 USPQ2d 1780, 1783 (Fed. Cir. 1992) (the examiner can satisfy the burden of showing obviousness of the combination "only by showing some objective teaching in the prior art or that knowledge generally available to one of ordinary skill in the art would lead that individual to combine the relevant teachings of the references").

In this instance, the examiner has not adequately supported the selection and combination of the Deluca and Cook references to render obvious the claimed invention. Moreover, the combination would not yield two reward programs as claimed. The examiner relies on the advantages taught by the present inventor to provide the requisite motivation. It is improper, in determining whether a person of ordinary skill would have been led to this combination of references, simply to "[use] that which the inventor taught against its teacher." W.L. Gore v.

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Garlock, Inc., 721 F.2d 1540, 1553, 220 USPQ 303, 312-13 (Fed. Cir. 1983). Thus the Examiner must not only assure that the requisite findings are made, based on evidence of record, but must also explain the reasoning by which the findings are deemed to support the conclusion.

For these reasons, applicant respectfully requests reconsideration and withdrawal of the outstanding rejections and prompt issuance of a Notice of Allowance.

Should the Examiner determine that any action is necessary to place this application into even better form, he is encouraged to contact applicant at the number listed below.

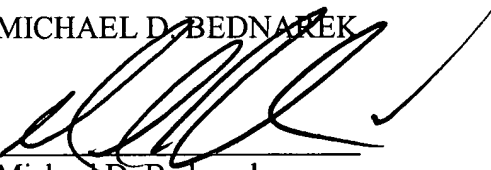
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Respectfully submitted,

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Attachments: Amended Claims w/ Markings

MDB/lrhj

VERSION WITH MARKINGS TO SHOW CHANGES MADE TO CLAIMS

38. (Amended) A computer implemented incentive program for encouraging certain participant actions, the program comprising:

a plurality of participants;

a participant ID associated with each participant;

a redemption rate associated with each participant ID;

a first reward program under which participants may earn points for certain actions

wherein a point total is associated with each participant;

a second reward program through which the redemption rate associated with a particular participant is adjusted in response to certain [participant] action by that participant; and

wherein the redemption rate associated with each participant ID determines [the] a value of the [points earned by] point total associated with that participant pursuant to the first reward program.

PLEASE ADD NEW CLAIMS:

47. (New) A method of incenting participant action by participants in a first incentive program pursuant to which participants earn points, and a record of the point total for each participant in the program is maintained, the point total reflecting the points earned by the participant pursuant to the first program, the method comprising:

allowing participants in the first incentive program to participate in a second incentive program pursuant to which participants in the second program are assigned a redemption rate and the redemption rate assigned to each participant is adjusted in response to participant action and

wherein the redemption rate associated with a participant determines the redemption value of the point total associated with that participant such that the redemption value for two participants having an identical point total can be different as a consequence of participant action in the second program.

48. (New) The method of Claim 47, wherein records are maintained that allow one to determine, for each participant:

Base Points Earned (BP), indicative of the number of points earned for a Participant Action (PA) pursuant to the first incentive program;

Redemption Rate (RR), which is the value of the redemption rate associated with the participant pursuant to the second incentive program; and

Program Points (PP), which is the total points earned under the second incentive program.

49. (New) The method of Claim 48, wherein the second incentive program is a continuous redemption system wherein base points are converted into program points as they are earned by reference to the redemption rate in effect at the time of the participant action for which the points were earned.

50. (New) The method of Claim 48, wherein the second incentive program is a periodic redemption system wherein base points are converted into program points at the end of a predetermined period by reference to the redemption rate in effect at the end of the period.

51. (New) The method of Claim 48, wherein the second incentive program is a redemption on demand system wherein base points are converted into program points only upon the participant's demand by reference to the redemption rate in effect at the time of demand.

52. (New) The method of Claim 47, wherein at least some of the participant redemption rates are non-whole number values.

53. (New) The method of Claim 47, wherein a base redemption rate is associated with each participant and the base redemption rate is not the same for all participants and at least some of the base redemption rates are non-whole number values.

54. (New) The method of Claim 47, wherein the first reward program is a rebate program under which participants earn points for certain purchases and the second reward program is a variable redemption rate program through which the cash value redemption rate associated with a particular participant is adjusted in response to certain participant action.

55. (New) A method of providing an incentive for participant action by participants in a game pursuant to which participants earn points, and a record of the game point total for each participant in the program is maintained, the game point total reflecting the points earned by the participant playing the game, the method comprising:

providing an incentive program pursuant to which participants in the incentive program are assigned a redemption rate and the redemption rate assigned to each participant is adjusted in

response to participant action and wherein the redemption rate associated with a participant determines the redemption value of the game point total associated with that participant such that the redemption value for two participants having an identical game point total can be different as a consequence of participant action in the incentive program.

56. (New) The method of Claim 55, wherein the game is a casino game and the incentive program is used to encourage the participants layer to play frequently, and comprising providing a timer that determines whether a predetermined time period has elapsed between consecutive play of the casino game and wherein:

if the player has a positive credit winnings balance, the redemption rate is increased by predetermined amount every time the player plays within the predetermined time period;

if the player has a negative credit winnings balance then the redemption rate is decreased by predetermined amount every time the player plays within the predetermined time period;

if the player has a positive credit winnings balance, the redemption rate is decreased by predetermined amount whenever the predetermined time period interval has passed without the player playing; and

if the player has a negative credit winnings balance then the redemption rate is increased by predetermined amount whenever the predetermined time period interval has passed without the player playing.

57. (New) The method of Claim 55, wherein the game is a casino game and the incentive program is used to provide an auxiliary game that provides at least one of the following features:

player that has a net positive balance can place an auxiliary bet that, if won, results in increasing the redemption value of the positive balance at the risk of dramatically reducing the value of the positive balance; and

a player that has a negative balance can place an auxiliary bet that if won reduces the redemption value of the negative balance would be reduced at the risk of increasing the redemption value of the negative balance.